

Summary of Points

**Testimony of James M. Rice
Vice President and Country Manager, Greater China
Tyson Foods, Inc.**

**Before the
Sub-Committee on Oversight and Investigations of the
Committee on Energy and Commerce, U.S. House of Representatives
Thursday, October 11, 2007**

- Tyson Foods, Inc. exports to China, produces food (meat and poultry) in China and exports food from China to other countries.
- China does have modern food producers able to produce quality products for domestic and export consumption.
- China's General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) has processes to ensure quality food products are exported.
- China's food safety systems are improving – for example, AQSIQ is setting up a food recall system, improving labeling requirements, etc.
- AQSIQ oversees an export food safety program requiring special certification. We believe about 12,700 of an estimated 450,000 food processors in China have this certification.
- We understand that in general, food safety issues we have heard about have come from non-AQSIQ-certified companies.
- Chinese poultry exports to Japan have additional quality assurance: AQSIQ has certified only 35 Chinese poultry producers to be eligible to ship to Japan. Both the Japanese and Chinese governments, plus the companies themselves, work together to ensure continuous compliance with both Chinese and Japanese food safety and quality standards.
- Shared responsibility among private and public sectors leads to consistently higher quality products.
- When Tyson manufactures products in China – for both domestic and export consumption – we use only suppliers that are already certified for Japanese export, ensuring that we start with the very best suppliers.
- Our American quality assurance manager audits our suppliers and their suppliers regularly, and we inspect 100 percent of all raw materials coming into our facility. Our global customers also audit our plants and our suppliers. The net result is that regulators, the manufacturer and customers are working together to ensure the quality of our products in China.
- As the brand owner, our job is to be certain that all levels of private and public sector quality assurance work together to identify, manage and mitigate all food safety risks. In this way, US regulators and brand owners share food safety responsibilities with foreign regulators and manufacturers.

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My name is James Rice and I am Vice President of Tyson Foods, Inc. and Country Manager for Tyson's China Operations. I also serve on the Board of Governors of the American Chamber of Commerce in Shanghai. I have worked with Tyson for the last three and a half years. My involvement with China began 20 years ago when I was an exchange student from the University of California in 1987. I returned to work in China in 1991 and have lived and worked continuously in China ever since.

Tyson Foods, Inc. has a significant export business from the US to China. Of the US poultry industry's \$500 million in exports to China this year, Tyson's share will be approximately \$200 million and our business continues to grow at a rate of more than 25 percent a year. China is now the largest destination for US poultry exports. And the largest US export to China, by dollar value, is poultry. Tyson also exports cattle hides and pork from the US to China.

Tyson also produces meat and poultry products in China for both domestic and export consumption through two joint venture food processing facilities. We maintain relationships with local Chinese poultry companies who produce products on our behalf

for global customers in Japan and Hong Kong. I hope to draw from this array of experience to share with you some insights on China's quality management processes.

Despite wide news coverage of its challenges, China does have modern food producers who are able to produce quality products for domestic and export consumers. China's General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) has processes that ensure quality food products are exported. The evidence on the ground indicates that the modern manufacturers and the AQSIQ can do their jobs, and they are rapidly improving their processes.

China has a vital interest in improving its food safety programs for many reasons, and the country is learning that national food safety assurance systems require time, resources and flexibility to accommodate industrial and technological changes – as well as shifting global demands. For example, the AQSIQ, from what I understand, is developing a food recall system, improved labeling requirements and a product traceability system.

Another example is China's export food safety program, which requires that all exported food must originate from AQSIQ-registered plants and be certified by the local China Inspection and Quarantine agency, or CIQ. From what I understand, AQSIQ only authorizes 12,700 of the country's 450,000 food companies to produce for export. This list is expanded and shortened by the AQSIQ based on the performance of the companies, just like the USDA maintains a list of authorized meat and poultry exporters in the US.

The way it works is that Chinese food processors certified to export will notify the AQSIQ when they are producing for export, and AQSIQ inspectors will be present during the process. They will evaluate the suppliers, raw materials, production processes and finished products. Only after this will a Certificate for Export be issued. It is my understanding that for the most part, food safety issues we have heard about have come from companies other than those authorized by the AQSIQ.

Chinese poultry exports for Japan have an additional level of quality assurance. The AQSIQ selected the 35 best poultry producers for eligibility to export to Japan. Then, Japan's Ministry of Agriculture, Forestry, and Fisheries (MAFF) visited and certified these plants. They are inspected annually by Japan's MAFF, but it is China's AQSIQ that is responsible for ensuring these 35 plants' continuous compliance with both the Japanese import standards and the Chinese export standards. Today, these plants operate at a higher quality level than do their competitors not only because their Japanese customers demand it, but because the responsibility for food quality and safety is shared equally and completely by the manufacturer, the AQSIQ and the Japanese MAFF.

When Tyson manufactures products in China – for both domestic and export consumption -- we use only suppliers that are already certified for Japanese export, ensuring that we start with the best suppliers. These suppliers, and their suppliers, are audited regularly by our American quality assurance manager, and we practice 100 percent inspection on all raw materials coming into our facility. When Tyson products are manufactured by our partners, our quality assurance manager and our American

production manager are in those facilities ensuring that the same quality standards are maintained. Our global customers also audit our plants and our suppliers. The net result is that regulators, the manufacturer, and customers are working together to ensure the quality of our products.

As the brand owner, our job is to be certain that all levels of private and public sector quality assurance work together to identify, manage and mitigate all food safety risks. In this way, US regulators and brand owners share food safety responsibilities with foreign regulators and manufacturers. Not that the responsibility is divided, but that each entity shares 100 percent responsibility to be sure the product is right before it leaves the Chinese plant for the US.

There is no question: China plays an enormous role in the global economy as both an importer and exporter of foods and many other products. We need to consider how we work with China to be sure our relationship is mutually beneficial. The end result will be that both countries can implement the same quality standards, and guarantee that high quality products could be sold to consumers in both countries.